

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUCAR 03521 241322Z
ACTION STR-07

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 ABF-01 STRE-00 /114 W
-----100459 250019Z /73

R 241140Z MAY 78
FM AMEMBASSY BUCHAREST
TO USMISSION GENEVA
INFO SECSTATE WASHDC 9703

LIMITED OFFICIAL USE BUCHAREST 3521
GENEVA FOR USMTN DEL
E.O. 11652: NA
TAGS: ETRD, MTN, RO
SUBJECT: ROMANIAN CONTRIBUTIONS TO MTN

REF: GENEVA 07854

1. EMBASSY WISHES TO EXPRESS APPRECIATION TO USMTN FOR KEEPING US INFORMED OF DEVELOPMENTS IN ITS CONTACTS AND NEGOTIATIONS ON MTN. THIS SUBJECT BEARS DIRECTLY ON OUR EFFORTS TO MAINTAIN MOMENTUM IN GOR/USG RELATIONS GIVEN BY CEAUSESCU STATE VISIT IN APRIL, AS WELL AS ONE KEY ISSUES OF RENEWAL OF U.S.-ROMANIAN TRADE AGREEMENT AND ROMANIA'S MFN STATUS.

2. IN RESPONSE TO QUERY OF PARAGRAPH 5(B) OF REFTTEL, EMBASSY WISHES TO REFER USMTN TO IMF DOCUMENT EBS/78/123, SUPPLEMENT 1, DATED MARCH 16, 1978. WE BELIEVE DOCUMENT SHOULD BE AVAILABLE THROUGH GENEVA MISSION. DOCUMENT CONTAINS IMF EXPLANATION OF ROMANIAN ACTION OF MARCH 6, 1978, WHICH EFFECTED REVALUATION OF ROMANIAN LEU'S OFFICIAL RATE FROM 4.97 TO ONE U.S. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUCAR 03521 241322Z

DOLLAR TO NEW RATE OF 4.47 PER DOLLAR. AT SAME TIME, PER IMF DOCUMENT, "EXCHANGE RATE APPLYING TO IMPORTS AND EXPORTS OF GOODS TO TRADE-RELATED INVISIBLE TRANSACTIONS AND FOR CAPITAL TRANSACTIONS WITH NONSOCIALIST COUNTRIES HAS BEEN APPRECIATED FROM THE EQUIVALENT OF LEI 20 PER U.S. \$1 TO LEI 18 PER U.S. \$1." A THIRD RATE, THE SO-CALLED NONCOMMERCIAL RATE,

REMAINED AT LEI 12 TO DOLLAR.

3. ACCORDING TO IMF DOCUMENT, THESE REVALUATIONS HAVE NIL OR MINIMAL EFFECTS ON EXTERNAL TRADE. THE 4.97 RATE IS USED ALMOST EXCLUSIVELY FOR INTERNAL ACCOUNTING PUPOSES. IT HAS NO EFFECT WHATSOEVER ON EXTERNAL TRANSACTIONS. ACCORDING TO IMF, ALL EXPORT AND IMPORT TRANSACTIONS GO THROUGH AN EQUALIZATION SYSTEM AND, CONSEQUENTLY, REVALUATION FROM 20 TO 18 LEI PER DOLLAR WILL HAVE NO EFFECT ON GOODS TRADED. FOR OTHER IMPORTS, PRINCIPALLY INVESTMENT GOODS, REVALUATION WILL REDUCE LEI COST OF IMPORTS FROM MARKET ECONOMIES, SINCE SUCH TRANSACTIONS DO NOT PASS THROUGH EQUALIZATION SYSTEM.

4. THE THIRD RATE OF EXCHANGE, 12 LEI TO DOLLAR, HAS SOMEWHAT GREATER PRACTICAL SIGNIFICANCE. THIS IS RATE USED BY MOST TOURISTS IN ROMANIA. GOR DECISION TO MAINTAIN AND NOT REVALUE THE NONCOMMERCIAL RATE IS VIEWED AS DESIGNED TO ENCOURAGE EXPANDED TOURISM. IT SEEMS UNLIKELY THAT GOR MAINTAINED RATE OF 12 IN ORDER TO NARROW DIFFERENCE BETWEEN NONCOMMERCIAL RATE AND MORE OR LESS FICTIONAL RATE OF 20 OR 18 PER DOLLAR. GOR MAY WISH TO PUT THAT CONSTRUCTION ON ITS ACTIONS IN ORDER TO APPEAR TO BE MEETING IMF REQUIREMENTS ON EXCHANGE RATE UNIFICATION. IN CONVERSATIONS WE HAVE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BUCAR 03521 241322Z

HAD WITH GOR OFFICIALS, THEY MAINTAIN THAT SUCH UNIFICATION IS THEIR LONG-RNAGE OBJECTIVE, AS INDEED IT MUST BE IF THEY ARE TO MAINTAIN GOOD RELATIONS WITH THE FUND. IT IS UNLIKELY IN OUR VIEW THAT SUCH UNIFICATION WILL COME ABOUT EASILY OR SOON.
AGGREY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, TRADE AGREEMENTS, TARIFFS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BUCHAR03521
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780220-0020
Format: TEL
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780526/aaaaavfd.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e76ec397-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 7854
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2593672
Secure: OPEN
Status: NATIVE
Subject: ROMANIAN CONTRIBUTIONS TO MTN
TAGS: ETRD, RO, MTN
To: GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e76ec397-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014